



Rhode Island Child Care Stabilization Fund

Webinar: Spending Guidance

Child Care Centers

April 2021

Webinar Objectives

During this session, we will:

- Walk you through a strategy for planning how to spend your grant
- Support you as you consider using funds to support your workforce
- Provide business development resources that can be referenced to strengthen your business



Introduction to the Strategy

The money awarded to your business is intended to help your business recover from challenges brought on by COVID-19 and improve your business's sustainability for the long term.

DHS recommends a three-step strategy to support the careful, intentional spending of grant funding:



Step 1:

Self-Assessment

Step 1: Self-Assessment

How can you take an assessment of your business to determine the spending needs?

Assess the needs of the families and the community your serve.

**Conduct a survey of your
families' needs**



Talk to families



**Refer to feedback you have
received from previous
unannounced monitoring
visits**



Community Needs

Some examples of family or community needs may include:

Needs:

More affordable tuition
rates



Part time or flexible
scheduling



Modified operating
hours



Assurance of health &
safety compliance



Potential Solutions:

- Temporarily lowering/
adjusting tuition
- Offering scholarships

Assess if your program
can be responsive in
offering part-time or
flexible scheduling
unique to the family

Assess if families you
serve may benefit from
adjusting your operating
hours to open earlier,
stay open later, or adjust
days you offer care

Explore investing in
professional cleaning
services to encourage a
clean and safe
environment

Step 1: Self-Assessment

How can you take an assessment of your business to determine the spending needs?

Assess the needs of your program.

**Is my program
maintaining health &
safety requirements?**

**How can I increase the
quality of my program?**

Be sure to reference the appropriate environmental rating scales when planning to make updates and changes to your physical space:

- [Child Care Physical Environment Checklist \(RI LISC\)](#)
- The Early Childhood Rating Scale (ECERS)
- Infant/Toddler Environment Rating Scale (ITERS)

Step 1: Self-Assessment

How can you take an assessment of your business to determine the spending or investing needs?

Assess the needs of your staff.

Fair, Competitive, and Consistent Compensation

RI Kids Count Median Minimum Hourly Wage for Assistants resource:

<http://rikidscount.org/Portals/0/Uploads/Documents/Fact%20Sheets/11.20%20Family%20Child%20Care.pdf?ver=2020-11-17-113038-797>

Improving the Compensation and Retention of Effective Infant/Toddler Educators in Rhode Island resource at:

http://rikidscount.org/Portals/0/FINAL%20InfantToddlerComp%2020%20page_web.pdf?ver=2019-12-06-163316-177

Business Tool Kit at <http://kids.ri.gov/funding-opportunities.php>

This tool kit has resources that will help you create and look at your budget in a whole new way!



Step 1: Self-Assessment

How can you take an assessment of your business to determine the spending or investing needs?

Assess the needs of your staff.

It's important to remember that competitive compensation is more than money/wages. It includes:

- Wages/salary
- Benefits, such as paid time off, health insurance, or support paying for a training or credential, and
- Bonuses, which includes one-time bonuses or annual/merit-based bonuses.

Remember: Your staff are an asset to the quality and sustainability of your program.



Step 1: Self-Assessment

Guiding Questions

**What does my program need? What do the families I serve need?
How can my business meet those needs?**



Step 2:

**Plan for Meaningful and Lasting
Investments to Improve Quality**

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Step 2: Plan for Meaningful and Lasting Investments to Improve Quality

It's important to recognize that these grant funds are a one-time injection of cash into your business and are not a consistent form of income that you can count on on a regular basis.

This means you need to take extra time to make sure you are spending funds in a thoughtful way.



Self-Assessment



**Plan for Meaningful and
Lasting Investments to
Improve Quality**

Step 2: Plan for Meaningful and Lasting Investments to Improve Quality

This is Alba.

She recently opened her very own child care center and her business has been providing care to children in Providence for a little over a year. Alba has wanted to take down a wall in her preschool room to create a more open space for a while but hasn't had the money to do it. She decided to use her grant funds to do some construction.

When they began demolishing the wall, they found asbestos. Now, Alba has to pay for asbestos removal. All of her grant money was already used for construction and material costs. Now, she has to take out a loan to finish the job and she is in a worse financial space than she was before receiving the grant.



Step 2: Plan for Meaningful and Lasting Investments to Improve Quality



This is Maria.

She owns a large child care center and her program has been providing care to children in Cranston for over 20 years. She recently received grant money from DHS and decided to save half of it in her Emergency Fund

She used her budget and her business plan to allocate the other half of the grant, which she split between her business priorities: staff, health and safety, and quality. She was able to:

- Give her staff one-time spot bonuses;
- Purchase and install upgraded gate locks for her playground; and
- Purchase the curriculum she has wanted

Step 2: Plan for Meaningful and Lasting Investments to Improve Quality



How do I determine the right lasting investments for my program?

- What does my program need now?
- What do I need for my program later?
- How much do I have saved for my program in the event of an emergency?



Step 2: Plan for Meaningful and Lasting Investments to Improve Quality

What are some examples of lasting investments that improve quality?

One-Time Investments

- Single-use cleaning supplies
- Easily-damaged toys
- Meals, snacks, etc.
- Toileting/diapering materials

Lasting Investments

- Professional cleaning services
- Fence repair or build to contain safe outdoor play space for children
- Egress or direct access to outdoors (particularly for providers operating below-grade)
- Outdoor play space improvements play equipment, mulch etc.
- General safety items-cabinet locks, outlet covers, baby gates etc.
- Organization items to provide easy access to items you need (i.e, file folders, small file cabinet, etc.)
- Online communication app to use with families to communicate developmental milestones
- New early childhood curriculum
- Toys and materials that can be used safely by multiple age groups

Step 2: Plan for Meaningful and Lasting Investments to Improve Quality

As a business owner, you must have a plan for the spending and saving of your monies. This includes the profit you make from tuition and any supplementary money you receive through grants.

A plan for spending your grant money should include these key steps:

**Update your
budget**

**Create a
timeline**

**Plan for
expected
expenses**

**Plan for
unexpected
expenses**

Resources are available at <http://kids.ri.gov/funding-opportunities.php>

Step 2: Plan for Meaningful and Lasting Investments to Improve Quality



If you need additional support with this process or are interested in small group technical assistance, please contact

sterreault@edc.org

Step 3:

Executing the Plan

Step 3: Executing the Plan

Recordkeeping: If it's not written down, it didn't happen.



Create a recordkeeping system that works for you; the best system is one that you are able to do consistently. This can be an online system or physical, paper files.



Keep records of spending receipts, invoices, documentation of payroll, etc.



At least monthly, review your expense receipts so that you will know how much you have spent and how it compares to what you planned to spend.

Step 3: Executing the Plan

Maintaining your budget.

- Review your expenses and income monthly.
- Compare to your budget to see if you are within your plan.
- If needed, adjust your future budget to align with your spending.
- **Goal:** your expenses should be less than your revenue.

This budget template is available in the Business Resources Toolkit online at: <http://kids.ri.gov/funding-opportunities.php>

		ANNUAL OPERATING BUDGET 3 Years					
		Current Year		Next Year		Following Year	
		Fiscal Year ending: ___/___/20___		___/___/20___		___/___/20___	
		%		%		%	
REVENUE AND SUPPORT							
Revenue	Childcare Fees:						
	Parents Pay						
	Child Care Assistance Program						
	USDA Food Subsidy Program						
	Registration/Holding						
	Activity Fees						
Support	Foundation and Corporate Grants						
	United Way						
	Contributions and Donations						
Other	Events and Fundraising						
	Interest						
	All Other						
TOTAL INCOME		\$	100%	\$	100%	\$	100%
EXPENSES							
	Payroll						
	Payroll Taxes						
	Health Benefits						
	Other Benefits						
Subtotal Personnel							

Step 3: Executing the Plan

Check your timeline.

Example:

- You first plan to spend \$200/week for 10 weeks for parent fees
- Then the water heater goes out.
- You can adjust your timeline to either:
 - Spend \$150/week for 10 weeks on parent fees
 - Spent \$200/week for 7 weeks on parent fees



Business Toolkit

Located online in English and Spanish at: <http://kids.ri.gov/funding-opportunities.php>



Child Care Provider Business Resources

This resource guide contains free online business resources developed specifically for Child Care Centers.

These resources may be referenced to strengthen business practices and create stronger, more sustainable small businesses.



Child Care Centers

- **Where can I find a good budget template?**

Child Care Centers can find a budget planning template and revenue projection template (for non-profit and for-profit programs) here:

<http://www.firstchildrensfinance.org/businessresourcecenter/centers-2/finance/finance-tools/>

Learn from the *National Center on Early Childhood Quality Assurance* how to "Build A Budget": <https://app.box.com/s/q36su0mssrg0y9o6hkp3oag79859d5nk> and view a "Sample Balance Sheet" here: <https://app.box.com/s/8bk7pn4s0za3kypbqnl06po9f51nnio>

Child Care Aware provides a 2-page resource on how to maximize income in your program through what they call the "Iron Triangle": https://info.childcareaware.org/hubfs/OpEx_2019_IronTriangle.pdf

The *Early Childhood Learning and Knowledge Center* outlines a brief article on "What is Cash Flow and How Should We Manage it?" here: <https://eclkc.ohs.acf.hhs.gov/fiscal-management/article/what-cash-flow-how-should-we-manage-it>

- **Where can I find information related to taxes and my child care business?**

Comprehensive tax information for small business owners, such as Center-based Child Care providers, may be found: <https://www.irs.gov/businesses/small-businesses-self-employed>

The IRS also developed a webinar series called "Small Business Tax Workshop": <https://www.irsvideos.gov/Business/SBTW>

- **I know recordkeeping is an important business practice; where can I learn more about recordkeeping?**

The IRS answers questions like "What kinds of records should I keep?", "How long should I keep records?", and "What is the burden of proof?" on their site: <https://www.irs.gov/businesses/small-businesses-self-employed/recordkeeping>

The U.S. *Small Business Administration's* "Recordkeeping for a Small Business" Participant Guide will allow you to take a self-assessment on your knowledge of recordkeeping and provide strategies for improving recordkeeping practices: https://www.sba.gov/sites/default/files/files/PARTICIPANT_GUIDE_RECORD_KEEPIING.pdf

On the *Child Care Aware of North Dakota* website, there is a downloadable form to document facility inventory, along with checklists for the basics and tips for success related to recordkeeping. These forms are found under the heading "Taxes and Record Keeping" here: <https://ndchildcare.org/providers/business/>

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- **What other resources might be helpful in enhancing my business practices?**

From the *Administration for Children and Families*, this comprehensive handbook outlines essential business practices and resources for Child Care Centers related to: creating a business plan, budgeting and funding sources, filing taxes, marketing to extend your program's reach, and creating emergency plans: https://childcareta.acf.hhs.gov/sites/default/files/public/rq2e_startingandoperatingachildcarebusiness.pdf

The U.S. *Small Business Administration* clearly outlines ways to manage your business on this webpage: <https://www.sba.gov/business-guide/manage-your-business/manage-your-finances>. Topics include: *Manage your finances*, *Buy assets and equipment*, and *Prepare for emergencies*. You can also reach the SBA Answer Desk at Small Business Administration Answer Desk: 800-827-5722 and email: answerdesk@sba.gov

First Children's Finance is a comprehensive website containing downloadable templates and guidance on budgeting, contracts and policies, record keeping and taxes, and legal and insurance. Click here to access their website: <http://www.firstchildrensfinance.org/businessresourcecenter/centers-2/>

Child Care Aware has a Child Care Center resource guide which includes sections such as "Prepare a budget" and "Develop Policies and Procedures" to help you in developing or evaluating your business practices: <https://www.childcareaware.org/wp-content/uploads/2018/11/Center-Resources.pdf>

Explore online webinars hosted by *Child Care Aware* related to automating business practices and how that may elevate your business operations to the next level: <https://www.childcareaware.org/events/webinars/webinar-series-business-automation/>

Early Learning Ventures hosts an online webinar called "Strengthening Business Practices Financial Reports and Internal Controls." In this webinar, they review reports like income statements and revenue reports and explain how reviewing these documents help you manage your business: <https://www.youtube.com/watch?v=qpsVREEUKE>

Head Start or Early Head Start programs can explore the Fiscal Management-Resources page on the *Early Childhood Learning and Knowledge Center* website, for guidance specific to Head Start programming: <https://eclkc.ohs.acf.hhs.gov/browse/topic/fiscal-management?type=All&keyword=All&audience=All&options=All&res-type=All&page=0>

Examples in Action

Early Childhood Workforce

DHS strongly recommends utilizing a portion of your grant award to support and invest in your workforce.

Investing in your workforce may occur through the increase of wages, one-time or ongoing bonuses, or professional development opportunities.

Investing in your workforce:

- Demonstrates your investment in your employees
- Attracts and retains qualified candidates
- Builds your employees' investment in your program, reducing turnover



Example: Increase Staff Wages

1

Self-Assessment:

Review comparable wages from local programs

2

Plan for Meaningful and Lasting Investments to Improve Quality

Adjust budget based on wage increase

3

Execute the Plan:

Put pay increase in writing, compare future payroll to budget

Example: Staff Bonuses

1

Self-Assessment:

To recognize her staff and retain them, Toni has decided to dedicate 50% of her program's grant award to one-time staff bonuses

2

Plan for Meaningful and Lasting Investments to Improve Quality

Determine bonus
amounts

3

Execute the Plan:

Put terms of spot
bonus in writing,
compare future
payroll to budget

Example: Part-Time to Full-Time Increase

1

Self-Assessment:

Determine staffing
needs

2

Plan for Meaningful and Lasting Investments to Improve Quality

Review timeline and
budget to determine
cost over time

3

Execute the Plan:

Put pay increase in
writing, compare
future payroll to
budget

Example: Needed Repairs

1

Self-Assessment:

Review feedback
from unannounced
licensing monitoring
visit

2

Plan for Meaningful and Lasting Investments to Improve Quality

Get estimate, decide
when to spend
funds

3

Execute the Plan:

Get work done, save
invoice

Example: Quality Improvements

1

Self-Assessment:

Review parent needs, review feedback from unannounced licensing monitoring visit

2

Plan for Meaningful and Lasting Investments to Improve Quality

Work with BrightStars to determine plan

3

Execute the Plan:

Once determined, attend the trainings

Three Step Strategy

- **Step 1: Self-Assessment:** What does my program need? What do the families I serve need? How can my business meet those needs?
- **Step 2: Plan for Meaningful and Lasting Investments to Improve Quality:** Now that I know what my program and families need, how will I plan to spend my first stipend?
- **Step 3: Execute the Plan**



Next Steps

Available Resources



Resources are available in English and Spanish at: <http://kids.ri.gov/funding-opportunities.php>

- If you need assistance or guidance creating a budget or supporting business practices, check out First Children's Finance, a comprehensive website containing downloadable templates and guidance on budgeting, contracts and policies, record keeping and taxes, and legal and insurance. Access the website here: <http://www.firstchildrensfinance.org/businessresourcecenter/centers-2/finance/finance-tools/>
- The Center for Early Learning Professionals will provide immediate support to center based and family child care administrators through small group technical assistance that focuses on business practices related to managing grant funding, including: defining goals, budgeting and record keeping. If you are interested in small group technical assistance, please contact sterreault@edc.org. The Center also offers a three part Business Practices series for Early Childhood Program and Family Child Care administrators which takes a deeper dive into topics related to managing a business. Watch your email and the CELP website for dates and times.
- Additional resources are available in the Business Toolkit located at <http://kids.ri.gov/funding-opportunities.php>

Thank you!

If you have questions or feedback
regarding the webinar or the
application process, please reach out
at ChildCareGrants@pcgus.com

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